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SOUTHWEST GAS CORPORATION

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Roger C. Montgomery, Vice President/Pricing

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April 22, 2004

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, AZ 85007-2996

Sent via Airborne

Gentlemen:

Subject: Advice Letter No. 04-04-01
Docket No. ~~1551~~ ^A1551-96-0596, D. 60352
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Southwest Gas Corporation (Southwest) tenders herewith the following tariff sheet applicable to its Arizona Gas Tariff No. 7:

Eighth Revised A.C.C. Sheet No. 14

Pursuant to Southwest's Gas Tariff No. 7, the Shrinkage Charge applicable to transportation customers is updated May 1 of each year. A supporting worksheet showing the calculations is included with this filing.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By

[Signature]
Roger C. Montgomery

for

Arizona Corporation Commission

DOCKETED

APR 23 2004

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Attachments

DOCKETED BY	<i>[Signature]</i>
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c Mr. Robert Gray, ACC
Mr. Stephen Ahearn, RUCO

Apr22TR.ltr

STATEMENT OF RATES
EFFECTIVE TRANSPORTATION RATES APPLICABLE TO ARIZONA SCHEDULES 1/ 2/

The maximum charges are listed below. The volume charge is intended to cover both margin and variable costs. In no event will the minimum charge be less than the variable cost. The volume charges are stated in dollars per therm.

Customer Class	Basic Service Charge per Month per Meter 3/	Demand Charge	Volumetric Charges	
			Margin	Shrinkage 5/
General, Small	\$ 20.00	N/A	\$.38024	\$.00475
General, Medium	\$ 90.00	N/A	\$.27211	\$.00475
General, Large	\$ 500.00	\$.072695 4/	\$.08548	\$.00475
Armed Forces	\$ 350.00	N/A	\$.18966	\$.00475
Air Conditioning	Varies	N/A	\$.07613	\$.00475
Compression on				
Customer's Premises:				
Small	\$ 20.00	N/A	\$.13305	\$.00475
Large	\$ 170.00	N/A	\$.13305	\$.00475
Cogeneration	Varies	N/A	\$.08934	\$.00475
Small Essential Agricultural	\$ 75.00	N/A	\$.19468	\$.00475
Natural Gas Engine	\$ 80.00 6/	N/A	\$.16189	\$.00475
Resale	\$ 800.00	N/A	\$.02479	\$.00475

- 1/ The charges shown above are subject to adjustment for the applicable proportionate part of any taxes or governmental impositions which are assessed on the basis of the gross revenues of the Utility.
- 2/ For customers electing to assign title of its customer-secured gas to the Utility for transportation in upstream pipelines, the customer shall reimburse the Utility for the cost of such customer-secured gas, all incremental costs incurred by the Utility in transporting such customer-secured gas through upstream pipelines and up to 100 percent of upstream pipeline fixed reservation charges set forth in the applicable pipeline's firm transportation rates, in addition to any applicable charges under Schedule No. T-1. Revenues resulting from the pass-through of upstream pipeline fixed reservation and usage charges which are in excess of the incremental costs incurred by the Utility in transporting such customer-secured gas through upstream pipelines shall be credited to the Gas Cost Balancing Account.
- 3/ Where transportation service is rendered in combination with an applicable gas sales tariff schedule, the customer shall not be billed for more than one basic service charge per month per meter.
- 4/ The total monthly demand charge for Large General Gas Service is equal to the unit rate shown multiplied by the customer's billing determinant.
- 5/ This charge shall be updated annually effective May 1.
- 6/ Applicable during Peak Season (April–September).

**SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
DEVELOPMENT OF DELIVERIES, PURCHASES AND DISTRIBUTION SHRINKAGE CHARGE
FOR THE TWELVE MONTHS ENDED MARCH 31, 2004**

Line No.	Description	Shrinkage Factor	Therms	Line No.
	(a)	(b)	(c)	
	<u>Projected Deliveries [1]</u>			
1	Gas Cost Balancing Account Sales		525,839,816	1
	Non-Gas Cost Balancing Account Sales			
2	Optional		59,463,672	2
3	Tier II		77,749,743	3
4	Resale		0	4
5	Transportation and Procurement		66,638,094	5
6	Total Sales and Transportation Deliveries		729,691,325	6
	<u>Distribution System Losses</u>			
7	Lost and Unaccounted for Gas [2]	1.00%	7,370,619	7
8	Total Southwest Receipts at City Gate		737,061,944	8
9	Less: Optional Sales		59,463,672	9
10	Less: Tier II Sales		77,749,743	10
11	Less: Sales for Resale		0	11
12	Less: Transportation Deliveries		66,638,094	12
13	Southwest Purchases at City Gate		533,210,435	13
	<u>Purchases at El Paso Mainline Receipt Points</u>			
	El Paso - Company Use Gas			
14	Fuel Reimbursement	3.20%	17,626,792	14
15	Total Purchases		550,837,227	15
	<u>Distribution Shrinkage Charge</u>			
16	Distribution Shrinkage		7,370,619	16
17	Average Commodity Gas Cost		\$ 0.47024	17
18	Total Distribution Shrinkage Cost		\$ 3,465,960	18
19	Total Sales and Transportation		729,691,325	19
20	Volume Charge for Variable Costs per Therm		\$ 0.00475	20

[1] Deliveries for the 12-month period ending March 2004.

[2] Assumed to be 1% of city gate deliveries.